



BASIC OF FINANCE

Basic data of the subject	
Academic Unit:	Faculty of Life and Environmental Sciences
Course title:	Basic Finance
Study program:	Agribusiness
Level of study:	Bachelor (BSc)
Course status:	Obligative (O)
Study year:	1 year / 2 semester
Number of hours per week:	2 + 2
Credit value – ECTS:	6 ECTS
Time/location:	To be announced
Lecturer:	Prof. Ass. Dr. Luan Vardari
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Course description:	<p>The Basics of Finance course offers a comprehensive introduction to fundamental financial principles essential for both personal and professional contexts. Participants will delve into key concepts such as the time value of money, financial statements analysis, and the relationship between risk and return. The course covers essential aspects of financial markets, instruments, and basic investment principles, providing a solid foundation for understanding the dynamics of the financial world. Additionally, participants will explore capital budgeting, financial planning, and ethical considerations in finance. Through a combination of theoretical knowledge and practical applications, this course aims to equip individuals with the skills needed to make informed financial decisions, whether managing personal finances or contributing to financial strategies within a business context.</p>
Course objectives:	<p>The course on Basics of Finance aims to provide participants with a foundational understanding of key financial concepts and principles. Participants will explore the fundamental aspects of finance, including the time value of money, financial statement analysis, and the basics of investment. The objective is to equip individuals with the knowledge and skills necessary to navigate financial markets, assess risk and return, and make informed financial decisions. By the end of the course, participants should have a solid grasp of essential financial principles, enabling them to apply this knowledge in personal financial planning or contribute effectively in a professional setting, whether in corporate finance, investment, or related fields. Additionally, the course emphasizes ethical considerations, ensuring participants develop a well-rounded understanding of responsible financial decision-making.</p>
Learning outcomes:	<ul style="list-style-type: none"> • Upon completion of the Basics of Finance course, participants will be able to: • Understand Fundamental Financial Concepts: Articulate a clear understanding of foundational financial concepts, including the time value of money, financial statements, and investment principles.



	<ul style="list-style-type: none"> • Analyze Financial Statements: Demonstrate the ability to analyze and interpret financial statements, evaluating the financial health and performance of an organization. • Evaluate Risk and Return: Assess the relationship between risk and return, applying concepts such as diversification and the risk-return tradeoff to financial decision-making. • Navigate Financial Markets: Gain insights into various financial markets and instruments, distinguishing between stocks, bonds, and derivatives. • Apply Investment Principles: Apply basic investment strategies and principles, understanding the importance of asset allocation and portfolio management. • Utilize Capital Budgeting Techniques: Apply capital budgeting techniques to make informed investment decisions, considering the time value of money. • Engage in Financial Planning: Develop practical skills in personal financial planning, including budgeting, savings, and retirement planning. • Calculate and Interpret Financial Ratios: Demonstrate the ability to calculate and interpret financial ratios, using them as tools to assess a company's financial performance. • Integrate Ethical Considerations: Understand and apply ethical considerations in financial decision-making, recognizing the importance of responsible and ethical behavior in the field of finance. • Apply Knowledge in Real-World Contexts: Translate theoretical knowledge into practical applications, enabling participants to make informed financial decisions in both personal and professional settings.
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Contribution on student load (must correspond with learning outcomes)

Activity	Hours	Days/week	Total
Lectures	2	13	26
Exercise theoretical/laboratory	2	13	26
Practice work	/	/	/
Contact with lecturer/consultations	1	15	15
Field exercises	/	/	/
Mid-terms, seminars	2	1	2
Homework	1	14	14
Individual time spent studying (at the library or home)	2	15	30
Final preparation for the exam	2	10	20
Time spent in evaluation (tests, quiz, final exam)	1	13	13



Projects, presentations, etc.	2	2	4
Total			150 hours (6 ECTS)
Teaching methods:	Lectures, exercises, discussions, consultations, course projects, homework, midterm exam, final exam.		
Evaluation methods:	<ul style="list-style-type: none"> ▪ Regular and active attendance: 10%, ▪ Midterm exam: 20%, ▪ Course project: 30%, ▪ Final exam: 40%. 		
Literature			
Basic Literature:	Mayo H. (2012). Basic of Finance. Uet Press. Govori F. (2010). Finance. Intitution for management and finance.		
Additional Literature:	Drake P.P. & Fabozzi F.J. (2010). The Basics of Finance: An Introduction to Financial Markets, Business Finance, and Portfolio Management. Wiley.		

Designed study plan:		
Week	Lectures	Exercises
First week:	Introduction to Finance <ul style="list-style-type: none"> • Capital Markets and Capital Market Theory • Financial Management • Investment Management 	Distribution of the semestral project topics.
Second week:	Financial Instruments, Markets, and Intermediaries <ul style="list-style-type: none"> • The Financial System • The Role of Financial Markets • The Role of Financial Intermediaries • Types of Financial Markets 	Assignments, quizzes and case studies related to the topic of the first week lecture.
Third week:	The Financial System's Cast of Characters <ul style="list-style-type: none"> • Domestic Nonfinancial Sectors • Nonfinancial Businesses • Domestic Financial Sectors • Foreign Investors 	Assignments, quizzes and case studies related to the topic of the second week lecture.
Fourth week:	Financial Statements <ul style="list-style-type: none"> • Accounting Principles: What Are They? 	Assignments, quizzes and case studies related to the topic of the third week lecture.



	<ul style="list-style-type: none"> • The Basic Financial Statements • How Are the Statements Related? • Why Bother about the Footnotes? • Accounting Flexibility 	
<i>Fifth week:</i>	<p>Business Finance</p> <ul style="list-style-type: none"> • Forms of Business Enterprise • The Objective of Financial Management • The Bottom Line • Solutions to Try It! Problems 	Assignments, quizzes and case studies related to the topic of the fourth week lecture.
<i>Sixth week:</i>	<p>Financial Strategy and Financial Planning</p> <ul style="list-style-type: none"> • Strategy and Value • The Budgeting Process • Budgeting • Performance Evaluation • Strategy and Value Creation 	Assignments, quizzes and case studies related to the topic of the fifth week lecture.
<i>Seventh week:</i>	<p>Dividend and Dividend Policies</p> <ul style="list-style-type: none"> • Dividends • Stock Distributions • Dividend Policies • Stock Repurchases 	Assignments, quizzes and case studies related to the topic of the sixth week lecture.
<i>Eighth week:</i>	Midterm exam	Assignments, quizzes and case studies related to the topic of the seventh week lecture.
<i>Ninth week:</i>	<p>The Corporate Financing Decision</p> <ul style="list-style-type: none"> • Debt vs. Equity • Financial Leverage and Risk • Financial Distress • The Cost of Capital • Optimal Capital Structure: Theory and Practice 	Assignments, quizzes and case studies related to the topic of the eighth week lecture.
<i>Tenth week:</i>	<p>Financial Risk Management</p> <ul style="list-style-type: none"> • The Definition of Risk • Enterprise Risk Management • Managing Risks 	Assignments, quizzes and case studies related to the topic of the ninth week lecture.



<p><i>Eleventh week:</i></p>	<p>The Math of Finance</p> <ul style="list-style-type: none"> • Why the Time Value of Money? • Calculating the Future Value • Calculating a Present Value • Determining the Unknown Interest Rate • The Time Value of a Series of Cash Flows • Annuities • Loan Amortization • Interest Rates and Yields 	<p>Assignments, quizzes and case studies related to the topic of the tenth week lecture.</p>
<p><i>Twelfth week:</i></p>	<p>Financial Ratio Analysis</p> <ul style="list-style-type: none"> • Classifying Financial Ratios • Liquidity • Profitability Ratios • Activity Ratios • Financial Leverage • Return on Investment • The DuPont System • Common-Size Analysis • Using Financial Ratio Analysis 	<p>Assignments, quizzes and case studies related to the topic of the eleventh week lecture.</p>
<p><i>Thirteenth week:</i></p>	<p>Cash Flow Analysis</p> <ul style="list-style-type: none"> • Difficulties with Measuring Cash Flow • Free Cash Flow • Usefulness of Cash Flows Analysis • Ratio Analysis 	<p>Assignments, quizzes and case studies related to the topic of the twelfth week lecture.</p>
<p><i>Fourteenth week:</i></p>	<p>Capital Budgeting</p> <ul style="list-style-type: none"> • Investment Decisions and Owners' Wealth • The Capital Budgeting Process • Determining Cash Flows from Investments • Capital Budgeting Techniques 	<p>Assignments, quizzes, and case studies related to the topic of the thirteenth week lecture.</p>
<p><i>Fifteenth week:</i></p>	<p>Derivatives for Controlling Risk and Asset Pricing Theory</p> <ul style="list-style-type: none"> • Futures and Forward Contracts • Options 	<p>Presentation of the semestral projects.</p>



	<ul style="list-style-type: none">• Swaps• Characteristics of an Asset Pricing Model• The Capital Asset Pricing Model• The Arbitrage Pricing Theory Model• Some Principles to Take Away	
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Academic policies and rules of conduct:

- Students should be aware of and respect the institution and **Code of ethics**.
- Students should respect the schedule of lectures, and exercises and be attentive.
- It is mandatory to possess and presents a student ID card in the mid-terms and exam,
- During the compilation of course projects, students must adhere to the instructions given by the professor.
- During the exam is forbidden the use of mobile phones.